

China's Strategy in the South China Sea

M. TAYLOR FRAVEL

This article examines China's behaviour in the South China Sea disputes through the lens of its strategy for managing its claims. Since the mid-1990s, China has pursued a strategy of delaying the resolution of the dispute. The goal of this strategy is to consolidate China's claims, especially to maritime rights or jurisdiction over these waters, and to deter other states from strengthening their own claims at China's expense, including resource development projects that exclude China. Since the mid-2000s, the pace of China's efforts to consolidate its claims and deter others has increased through diplomatic, administrative and military means. Although China's strategy seeks to consolidate its own claims, it threatens weaker states in the dispute and is inherently destabilizing. As a result, the delaying strategy includes efforts to prevent the escalation of tensions while nevertheless seeking to consolidate China's claims.

Keywords: China, Spratly Islands, South China Sea, territorial disputes, strategy.

In recent years, no international maritime dispute has garnered more attention than the contest over the islands, reefs and waters of the South China Sea. The dispute involves the overlapping claims of six governments to territorial sovereignty and maritime rights, encompasses the main sea lines of communication that connect Southeast Asia with Northeast Asia, covers large fishing grounds and may contain vast reserves of oil and natural gas. In the South China Sea dispute, no state attracts more attention than the People's Republic of China (PRC) because of its expansive claim,

M. TAYLOR FRAVEL is an Associate Professor of Political Science and Member of the Security Studies Program at the Massachusetts Institute of Technology, United States.

past uses of force over islands in these waters and its growing naval capabilities.

This article examines China's behaviour in the South China Sea disputes through the lens of its strategy for managing its claims. Since the mid-1990s, China has pursued a strategy of delaying the resolution of the dispute. The goal of this strategy is to consolidate China's claims, especially to maritime rights or jurisdiction over these waters, and to deter other states from strengthening their own claims at China's expense, including resource development projects that exclude China. Since the mid-2000s, the pace of China's efforts to consolidate its claim and deter others has increased through diplomatic, administrative and military means. Although China's strategy seeks to consolidate its own claims, it threatens weaker states in the dispute and is inherently destabilizing. As a result, the delaying strategy includes efforts to prevent the escalation of tensions among the claimants.

The article proceeds as follows. China's claims and interests in the South China Sea, which identify the goals and context for China's strategy, are examined in the next section. Then, the article describes China's use of a delaying strategy since 1949 and two periods when force was used: in 1974 over the Crescent Group in the Paracels and in 1988 over Johnson Reef in the Spratlys. The following two sections then examine the diplomatic, administrative, and military components of China's delaying strategy and efforts to manage tensions since the summer of 2011. Finally, the article examines the implications for cooperation and conflict in the dispute.

China's Claims and Interests in the South China Sea

In the South China Sea, Beijing claims territorial sovereignty over two groups of islands and maritime rights over related waters. The contemporary basis for China's territorial claims is a statement that Chinese premier Zhou Enlai issued in August 1951 during the Allied peace treaty negotiations with Japan. In the statement, Zhou declared China's sovereignty over the Paracel and Spratly Islands.¹ In September 1958, China reaffirmed its claim to these islands when it asserted rights to territorial waters during the Jinmen crisis. The 1958 declaration marked the first time that China linked its claims to territorial sovereignty with the assertion of maritime rights, in this case, rights to territorial waters. From the mid 1970s to the present, official government statements have used roughly the same language to describe China's sovereignty claim. The claim is usually phrased

as: “China has indisputable sovereignty over the Spratly Islands (or South China Sea islands) and adjacent waters.”

As the international maritime legal regime evolved, China began to codify its claims to maritime rights through the passage of domestic legislation. These laws harmonized China’s legal system with the requirements of the UN Convention on the Law of the Sea (UNCLOS). In 1992, the National People’s Congress (NPC) passed a *Law on the Territorial Sea and the Contiguous Zone of the People’s Republic of China*, which reaffirmed the content of the 1958 declaration but contained more specific language. Following this law, China issued baselines for its territorial waters in 1996. In 1998, the NPC passed a *Law on the Exclusive Economic Zone and the Continental Shelf of the People’s Republic of China*, in which it claimed additional maritime rights beyond those contained in the 1992 law.² The EEZ law did not refer to the Paracels or the Spratlys, but, when combined with the 1992 law on territorial seas, it provides a basis for claiming maritime rights in the South China Sea. In April 2011, China affirmed this interpretation in a *note verbale* to the UN Commission on the Limits of the Continental Shelf (the Commission or CLCS) by stating that the Spratly Islands were “fully entitled” to territorial waters, an EEZ and a continental shelf.³

The scope of China’s claims to maritime rights or jurisdiction, however, remains ambiguous. First, many of the land features that China claims in the South China Sea would not qualify as islands under Article 121(3) of UNCLOS and thus could not serve as the basis for a claim to an EEZ. China could probably claim a large portion of the South China Sea as an EEZ from the five largest of the Spratly Islands as well as Woody Island in the Paracels and Pratas Island (currently controlled by Taiwan).⁴ Such claims, however, would only represent a maximal position, as UNCLOS requires that states resolve disputes when EEZ claims overlap.

A second source of ambiguity concerns the question of historic rights that China might claim in the South China Sea. Article 14 of the 1998 EEZ law states that it “shall not affect the historic rights [*lishixing quanyì*] that the PRC enjoys”. Although some Chinese policy analysts have suggested that the South China Sea are historic waters, the 1998 law did not define the content or spatial scope of these historic rights.⁵ Moreover, no other Chinese law has described what these rights might encompass.⁶

The “nine-dashed line” (*jiudianxian*) that appears on official Chinese maps of the region creates a third source of ambiguity. The line was initially drawn in the 1930s, first appeared on an official

Republic of China (ROC) map in 1947, and has appeared on PRC maps since 1949. Neither the ROC nor the PRC has ever defined what type of international legal claim the line depicted. To this day, the line remains undefined. For example, although China included a map with the nine-dashed line in a *note verbale* to the CLCS in May 2009, it never defined the line or claimed historic rights that some scholars argue that the line indicates.⁷

If China's official statements and laws are taken at face value, then only one interpretation of the line may be possible: it depicts China's claim to the islands and other features contained within the line, namely, the Paracels and the Spratlys. When China issued its baselines in 1996, it drew baselines around the Paracels but not the Spratlys. This act suggests that China intends to proceed with its claims to maritime rights (but not territorial sovereignty) in the South China Sea through UNCLOS, fulfilling foreign minister Qian Qichen's 1995 pledge.⁸ If the "nine-dashed line" represented anything other than a claim to the enclosed land features from which China claims maritime rights, then China would have had no need to claim territorial waters in 1958 or to draw baselines around features such as the Paracels that were located within the dashed line. As Daniel Dzurek has observed, the delimitation of baselines around the Paracels is "logically inconsistent" with a claim to historic waters or other interpretations of the line.⁹

The unwillingness or inability of the Chinese government to define the line, however, creates space for various actors to offer competing interpretations of the line.¹⁰ The South Sea Regional Fisheries Administration Bureau (SSRFAB), for example, describes its operations to protect Chinese fishermen as occurring within a "traditional boundary line" (*chuantong jiangjie xian*).¹¹ The People's Liberation Army's (PLA) official newspaper, the *Jiefangjun Bao*, occasionally refers to China's "traditional maritime boundary" (*chuantong haijiang xian*) in the South China Sea.¹² Since the 1980s, various maritime actors, including the People's Liberation Army Navy (PLAN) and the State Oceanographic Administration's Marine Surveillance Force, have all dispatched vessels to Johnson Shoal, a submerged feature that is viewed as the southern tip of China's claim in the South China Sea. In fact, states under UNCLOS cannot claim sovereignty over subsurface features independent of a land feature. Nevertheless, the symbolism of this act was consistent with a broad interpretation of the "nine-dashed line".

China pursues several interests through its claims to territorial sovereignty and maritime rights in the South China Sea. As former

PLAN Commander Admiral Liu Huaqing observed, “whoever controls the Spratlys will reap huge economic and military benefits”.¹³ Economically, jurisdiction over these waters would give China access to the maritime resources of the South China Sea, especially hydrocarbons and fish. Chinese sources indicate that there may be 105 billion barrels of hydrocarbon reserves around the Spratlys, while the South China Sea accounts for a substantial portion of China’s annual catch of fish.¹⁴ The majority of Chinese trade also flows through these waters, including 80 per cent of China’s oil imports.¹⁵ Militarily, the South China Sea forms a maritime buffer for the provinces of southern China and would be a key theatre of operations in a conflict over Taiwan with the United States. Any effort to blockade China in wartime would also occur in these waters.

Whether China has labelled the South China Sea as “core interest” equivalent to Tibet or Taiwan attracted a great deal of attention in 2010. The *New York Times* reported in April 2010 that China had described the South China Sea as a core interest.¹⁶ Although it was discussed in several private meetings between US and Chinese officials, no senior Chinese leader has ever publicly described the South China Sea as a core interest, unlike Tibet or Taiwan.¹⁷ The only exception appears to be an English-language article published by the Xinhua News Agency in August 2011.¹⁸ The article described China’s sovereignty over the islands in the South China Sea and their territorial waters as “part of China’s core interests”, but not the South China Sea itself.

Do China’s claims contain room for negotiation? In the author’s opinion the answer is yes. When China issued its baselines in 1996 it did not draw baselines around any of the Spratly Islands. China also did not draw baselines around other disputed areas, including the Senkaku Islands and Taiwan. This suggests recognition of disputes and of the possibility that China might compromise in some fashion in the future. China did not, therefore, “tie its hands” or “burn bridges” by issuing baselines around features or in areas where negotiations might occur. More generally, China has also compromised in other territorial disputes and in the delimitation of its maritime boundary with Vietnam in the Gulf of Tonkin.

China’s Past Approach to Managing Its South China Sea Claims

In any given territorial dispute, a state can pursue one of three general strategies for managing its claims. First, it can pursue a strategy of cooperation, which excludes threats or the use of force

and involves an offer to either transfer control of contested land or drop claims to an existing piece of territory. Second, by contrast, a state can pursue a strategy of escalation, engaging in coercive diplomacy to achieve a favourable outcome at the negotiating table or using force to seize contested land. Finally, a state can adopt a delaying strategy, which involves maintaining a state's claim to a piece of land but neither offering concessions nor using force. In essence, a delaying strategy is premised on maintaining existing claims in a dispute.¹⁹

Most studies of territorial disputes examine periods of cooperation or escalation. For good reason, they reflect moments when disputes may be resolved or when armed conflict might erupt. The delaying strategy, however, is the most common one that states pursue. States may pursue a delaying strategy for various reasons. First, if a state is weaker militarily than its opponent, a delaying strategy allows it to buy time to strengthen its position and achieve a more favourable outcome in the future, either at the negotiating table or on the battlefield. Second, if a dispute is seen as intractable and difficult to settle, a delaying strategy can emerge as a form of conflict management. Third, a delaying strategy can allow a state to consolidate its claim and strengthen its control over disputed territory. If a state occupies a piece of contested land, the passage of time strengthens a state's claim in international law. A state can also take actions to assert its claims, not just in terms of diplomatic statements, but also by using civilian or military actors to demonstrate and exercise sovereignty over a certain area.

Since the establishment of the PRC, Beijing has usually pursued a delaying strategy to manage its various claims in the South China Sea. Beijing began to establish a presence in the South China Sea shortly after the founding of the PRC.²⁰ In 1950, China occupied Woody (Yongxing) Island, which is part of the Amphitrite Group in the western portion of the archipelago. At the time, China did not occupy any features in the Crescent Group to the east, but its fishermen frequently operated in the area. In 1959, however, South Vietnam moved to assert control over the Crescent Group, detaining and evicting Chinese fishermen. Until 1974, Beijing pursued a delaying strategy towards the government of South Vietnam, driven largely by the need to strengthen its position in the Amphitrite Group and to bolster its naval capabilities to defend its claims. China developed Woody Island into a small naval base and conducted routine patrols to the islands. Between 1960 and 1973, China conducted five patrols per year, on average, between Hainan and the Paracels.

In January 1974, China consolidated its control over the Paracels following a brief clash with South Vietnamese forces. From the mid-1960s, the South Vietnamese presence in the Paracels declined and was reduced to a weather station on Prattle Island in the Crescent Group. At the same time, Chinese fishing vessels became more active in the surrounding waters. A confrontation over two Chinese fishing vessels in January 1974 resulted in a clash between Chinese and South Vietnamese naval forces. Following the clash, China took control of the Crescent Group and completed its occupation of the Paracels. Nevertheless, no evidence exists that China had planned to adopt an escalation strategy. Instead, China appears to have been waiting to occupy the islands when South Vietnam was defeated because North Vietnam had acknowledged China's claims to the Paracels and the Spratlys in a series of diplomatic notes in 1956 and 1958.²¹

Even after consolidating control over the Paracels, China's position in the South China Sea remained weak. Despite its 1951 and 1958 claims to the Spratly Islands, China did not occupy any of these features. Moreover, by the late 1970s, Taiwan, Vietnam, and the Philippines had occupied almost twenty islands and reefs between them. As a result, China continued with a delaying strategy while it improved its naval capabilities to project power over the Spratly Islands.

China switched to an escalation strategy in the mid-1980s. Following the growing interest in maritime rights in Asia in the early 1980s, as well as the continued occupation of features by other claimants, China's leaders decided in early 1987 to establish a permanent position in the region by occupying nine vacant features. The plan was executed at the end of January 1988, when a PLAN task force arrived at Fiery Cross (Yongshu) Reef. The Chinese move sparked a race with Vietnam to seize other unoccupied reefs in the area. On 14 March 1988, after China had occupied three features, a deadly clash occurred over Johnson (Chigua) Reef, in which seventy-four Vietnamese were killed. When the smoke had cleared, China controlled six of the nine features in the original plan.

China's entry into the Spratlys sparked a new period of instability and competition in the South China Sea. Claimant states occupied additional features and increased their military presence. The race to strengthen positions culminated with China's occupation of the aptly named Mischief (Meiji) Reef in late 1994. Afterwards, China returned to a delaying strategy to consolidate its position while managing the diplomatic blowback, as the regional reaction to China's occupation

of Mischief Reef appeared to catch Chinese leaders by surprise.²² For the next decade, China maintained a delaying strategy while actively seeking to manage the diplomatic costs of its assertiveness. In 1995, China and the Philippines signed a code of conduct. In 2002, China and ASEAN signed the Declaration on the Conduct of Parties in the South China Sea (DoC). In 2005, China reached a joint seismic survey agreement with the Philippines and Vietnam covering a portion of the South China Sea. Following controversy in the Philippines over the agreement, it lapsed in 2008.²³

In sum, China's strategy for managing its claims in the South China Sea has emphasized delaying settlement of the underlying disputes with the occupation of contested features at particular points in time to strengthen its position. Until the 1980s, the main driver of delay was China's limited naval capabilities. After China strengthened its position in the Spratlys through the occupation of seven features between 1988 and 1994, the principal goal of delay has been the consolidation of China's position.

China's Current Strategy in the South China Sea

Following China's ratification of UNCLOS in 1996, the competition to assert and exercise maritime rights has become a more prominent feature in the South China Sea disputes. Within this new context, China's strategy of delaying the settlement has emphasized strengthening China's own claim to maritime rights, especially its ability to exercise jurisdiction over the contested waters, and to deter other claimant states from further strengthening their own maritime claims. China seeks to prevent any development activities such as hydrocarbon exploration that excludes China and to ensure that it participates in any development that occurs. China also wants to ensure that it will be able to negotiate from a position of strength. The diplomatic, administrative and military components of this strategy are described below. The implementation of China's strategy has often occurred in response to the actions of other claimants in the dispute.

Before discussing China's strategy, two elements should be noted. By choosing delay, China has opted not to pursue a strategy of escalation of seizing disputed features from other states or compelling them to abandon their own claims to maritime rights. Instead, the strategy seeks to consolidate China's ability to exercise jurisdiction over the waters that it claims. Because the strategy seeks to consolidate China's claims, it weakens the position of other states and is destabilizing. Consistent with the logic of the security

dilemma, actions by one state to consolidate its claim will be viewed as threatening by the other claimants, especially when such actions are undertaken by the strongest state in the dispute.

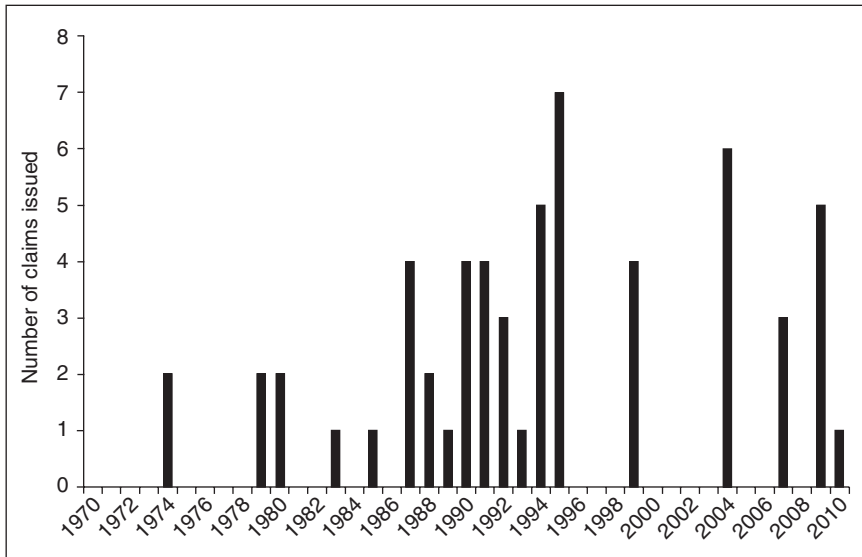
The Diplomatic Component

As part of its delaying strategy, China has used the diplomatic instrument of statecraft in several different ways. First, China maintains that it is open to negotiations. Chinese leaders have repeated foreign minister Qian Qichen's 1995 statement that "all disputes should be resolved by peaceful means on the basis of the provisions of the international law, including the 1982 UN Convention of the Law of the Sea [*sic*]." ²⁴ Nevertheless, China calls for bilateral talks with each claimant, not multilateral ones. This position supports the delaying strategy because China knows that other claimants are reluctant to accept these terms. China can indicate a willingness to negotiate without actually having to talk and instead defer resolution of the dispute to buy time to consolidate its claims.

Second, as a routine matter, China responds to the sovereignty and maritime rights claims of other states. International law demands that states actively maintain their claims, especially when challenged by other states. Typically, China responds through a statement issued by the Foreign Ministry. Figure 1 demonstrates the number of times that China's territorial claims in the South China Sea have appeared in the *Renmin Ribao*. If diplomatic activity can serve as an indicator of the intensity of a dispute, then this figure suggests that the current period has not yet reached the levels of instability witnessed in the early 1990s.

Diplomacy has played a prominent role in China's strategy following the May 2009 deadline for submissions to the CLCS. The Commission is tasked with reviewing and qualifying technical submissions by states for claims to the outer limits of the continental shelf beyond 200 nautical miles. If a land or maritime dispute exists, however, then the rules of UNCLOS require that the Commission "shall not consider and qualify a submission made by any of the States concerned in the dispute". As a result, all claimants to maritime rights in the South China Sea have strong incentives to challenge the continental shelf submissions that overlap with their own claims. Accordingly, China objected to Vietnam's submission and to the joint Vietnamese-Malaysian submission to prevent the Commission from qualifying these claims. Claims and counter-claims were then issued, elevating the level of tension in the South China Sea. ²⁵

Figure 1
Claims to the South China Sea Islands in the *People's Daily*
 (1970–2010)



Source: *Renmin ribao* database

Third, China has used diplomacy to prevent commercial activity in disputed waters. In the mid-2000s, Vietnam increased its efforts to develop its offshore petroleum industry in cooperation with foreign oil companies. In response, China issued eighteen diplomatic objections to foreign oil companies involved in exploration and development projects (see Table 1) between 2006 and 2007. In 2006, for example, the Indian oil company Oil and National Gas Corporation (ONGC) signed a production-sharing contract with PetroVietnam for blocks in the Phu Khanh basin. In its demarche to ONGC, China asserted that development activities by third parties in the South China Sea were illegal.²⁶ Similarly, in April 2007, when asked about Vietnam's plan to develop a natural gas pipeline in the Nam Con Son basin with British Petroleum, a Foreign Ministry spokesman stated that "Any unilateral action taken by other countries in the waters infringes on China's territorial sovereignty, sovereign rights and interests and jurisdiction, and thus is illegal and invalid."²⁷

Table 1
Chinese Protests Against Vietnamese Petroleum Joint Ventures

<i>Company</i>	<i>Country</i>	<i>Date</i>	<i>Block</i>	<i>Notes</i>
KNOC	South Korea	(no date) 2006	11-2	Gas first produced from this block in December 2006
Pogo	US	15 May 2006	124	PSC signed in April 2006
Chevron	US	15 May 2006	122	PSC for this block awarded in 2006
ONGC	India	1 November 2006	127/128	PSC signed in May 2006
Premier Oil	UK	6 November 2006	12	Discoveries announced on 30 June and 11 October 2006
BP	UK	26 December 2006	117	Now owned by ExxonMobil. Under development
ConocoPhillips	US	16 May 2007	133/134	Conoco announces ten-year investment plan in 2006. Blocks "farmed out" to Talisman (Canada) in 2008 and 2009
BP	UK	3 June 2007	05-2	Major development of gas fields announced in March 2007. Block now being developed by Talisamn.
Gazprom	Russia	18 June 2007	112	Commercial gas flow reported in August 2007. Under development
Gazprom	Russia	26 June 2007	112	Commercial gas flow reported in August 2007. Under development
CGGVeritas	France	27 June 2007	n/a	CGGVeritas was conducting surveys for VietsoPetro in Nam Con Son.
Idemitsu	Japan	10 July 2007	05-1	First exploratory well drilled in 2007
CGGVeritas	France	27 July 2007	n/a	CGGVeritas was conducting surveys for VietsoPetro in Nam Con Son.
CGGVeritas	France	2 August 2007	n/a	CGGVeritas was conducting surveys for VietsoPetro in Nam Con Son.
PGS	Norway	6 August 2007	n/a	Conducted seismic survey for VN in Phu Khanh
Pearl Energy	UK	6 August 2007	06-94	PSC for this block awarded on 1 August 1996
Chevron	US	6 August 2007	122	PSC for this block awarded in 2006
Santos	Australia	6 November 2007	123	PSC signed 28 May 2008

By objecting to these projects, China sought to defend its maritime rights in the face of a perceived challenge and to deter foreign oil companies from engaging in exploration and development activities with other claimants. During this time, energy prices were rising as China continued to import unprecedented amounts of oil and natural gas. Moreover, China was in the midst of implementing a 2005 joint seismic survey agreement signed with the Philippines and Vietnam in an area around the disputed islands, which it hoped would serve as the basis for a broader joint development effort. In July 2008, reports surfaced the Chinese diplomats had started to threaten foreign oil companies with a loss of business in China. According to the *South China Morning Post*, Chinese diplomats in Washington, D.C. “made repeated verbal protests to ExxonMobil executives in recent months, and warned them that its future business interests on the mainland could be at risk”.²⁸ In June 2007, China warned BP of “economic consequences” if it did not halt work in one of the disputed blocks.²⁹ Nevertheless, the effect of these protests and threats were uneven. In 2009, BP sold its stake in the contested blocks, apparently in response to pressure from China. Chevron reduced its stake in Block 122 to twenty per cent, but has increased its investment in other blocks in Vietnam that China does not contest. Other companies listed in Table 1 remain active in Vietnam, including oil majors such as Exxon, which signed additional contracts with Vietnam in July 2009 in areas that China contests.³⁰

The Administrative Component

The most noteworthy element of China's delaying strategy has been a greatly enhanced effort to exercise jurisdiction over the waters that it claims through the activities of civil maritime law enforcement agencies. Such efforts have often occurred in response to the commercial activity of actors from other claimant states, especially in the area of fishing and hydrocarbon exploration and development.

Fishing

To exercise its maritime rights, China in the last decade has strengthened its ability to supervise fishing within the waters that it claims. The principal actor tasked with this mission is the South Sea Region Fisheries Administration Bureau (SSRFAB, *nanhaiqu yuzhengju*), which is part of the Bureau of Fisheries Administration within the Ministry of Agriculture. The fisheries administration

supervises China's fishing industry, including the management of ports, protection of fishermen at sea, and enforcement of relevant laws such as fishing bans and quotas. The SSRFAB, however, has an additional task. According to its website, it is "responsible for the comprehensive management of the waters of the Spratly Islands" and "organizes and implements the garrisoning of the Spratly reefs, fisheries management, and aquaculture development".³¹ The SSRFAB acquired this role in 1994 when the Ministry of Agriculture began to organize law enforcement cruises (*xunhang*) in the waters around the Spratly Islands. In the same year, the SSRFAB began to permanently station (*jushou*) personnel on Mischief Reef following its occupation by China.³²

Within the SSRFAB, two different units are responsible for maritime law enforcement activities. The principal unit is a regional one, the China South Sea Fisheries Administration Contingent (*zhongguo nanshai yuzheng zongdui*), whose ships fall under the direct control of the SSRFAB and operate around the Paracels and the Spratlys. One ship, the *Yuzheng* 309, is based at a fisheries administration station on the Paracels. Today, the South Sea Contingent has seven ships. These include the largest vessel in the Bureau of Fisheries Administration, the *Yuzheng* 311 (a retrofitted submarine salvage and rescue ship from the PLAN's South Sea Fleet that displaces 4,600 tons), the purpose-built *Yuzheng* 310 (with a landing pad for a helicopter that displaces 2,500 tons), three 1,000-ton ships and two 300-ton ships. In addition, local fishery administration departments under the SSRFAB in Guangdong, Guangxi and Hainan have a total of sixteen patrol vessels that displace between 100 and 500 tons.³³ They operate in the EEZs adjacent to these provinces, but also sometimes around the Paracels.³⁴

The main activity for fishery administration vessels is patrols or what official documents call "cruises" (*xunhang*). Following the passage of China's EEZ law in 1998, the fisheries administration began to conduct cruises at greater distances from the mainland coast, including in the South China Sea. Between 2005 and 2009, the number of days in which SSRFAB vessels were at sea increased from 477 to 1,235.³⁵ In 2008, for example, the four largest ships from the SSRFAB conducted a total of fifteen cruises that lasted for around twenty-seven days on average.³⁶ As the vessels often operate in pairs, the total number of cruises was probably lower, perhaps seven or eight. The purpose of these cruises is to enforce domestic fishing laws such as quotas for catches, provide aid and assistance to the Chinese fishing

fleet, escort (*huyu*) Chinese vessels in disputed waters, and prevent foreign ships from operating in Chinese waters.

To exercise China's maritime rights, fisheries administration vessels often detain foreign fishing boats and their crews operating in waters that China claims. Perhaps because of the implementation in 2004 of the 2000 Chinese-Vietnamese agreement that limited fishing in the Gulf of Tonkin, the number of Vietnamese ships operating in the waters around the Paracel Islands began to increase in 2008. From China's perspective, these Vietnamese ships were directly challenging China's claim to sovereignty over the islands as well as its claims to maritime rights. In 2009, the SSRFAB organized eleven special operations (*zhuanmen xingdong*) around the Paracels, each of which lasted for about twenty-five days.³⁷ The same year, China expanded the duration of a summertime unilateral fishing ban above twelve degrees north that had been implemented since 1999 and linked the dispatch of SSRFAB vessels to enforce this ban with the exercise of China's maritime rights.³⁸

The combination of increased Vietnamese fishing activity and a strengthened SSRFAB resulted in a growing number of confrontations at sea. In 2008 and 2009, SSRFAB vessels confronted and "expelled" (*qugan*) 135 and 147 foreign boats, respectively, most of which were likely Vietnamese.³⁹ Some of these confrontations have been deadly. In addition, China began detaining Vietnamese fishing boats and their crews, sometimes levying a fine or even confiscating the boat. A Vietnamese newspaper reported that between 2005 and October 2010 China had detained 63 fishing boats with 725 men.⁴⁰ Roughly half of these detentions occurred in 2009, when Vietnamese sources indicate that China detained or seized 33 boats and 433 fishermen.⁴¹ Total numbers for 2010 are unavailable, but they appear to be much lower, around seven.⁴² The practice of detaining Vietnamese fishing boats halted in 2011, but China continues to confiscate the catches of ships it claims are operating in Chinese waters around the Paracels.⁴³

In addition to policing the waters that China claims, vessels from the fisheries administration also seek to protect Chinese fishermen when challenged by ships from other states. According to one Chinese source, more than 300 incidents in which Chinese trawlers were fired upon, detained, or driven away have occurred since 1989. In 2009, for example, Vietnamese vessels reportedly fired three times on Chinese boats, wounding three Chinese fishermen. Also in 2009, ten Chinese trawlers reportedly were seized.⁴⁴

Hydrocarbon Exploration

A similar dynamic to assert authority over commercial activity in waters where China claims maritime rights involves the exploration activities of oil companies. As discussed above, Vietnam's development of offshore oil and natural gas sparked demarches and at least a few threats from China against foreign energy companies between 2006 and 2008. In the first half of 2011, China interfered with seismic surveys conducted by Vietnam and the Philippines within their claimed EEZs. In this series of confrontations, the principal state actor has been the Marine Surveillance Force (MSF, *haijian budui*) under the State Oceanographic Administration. Similar to the fisheries administration, one mission of the MSF is to "safeguard maritime rights and interests" in addition to enforcing Chinese laws regarding maritime affairs.⁴⁵ The South China Sea branch of the MSF was established in 1999 with responsibility for the waters adjacent to Macau, Hong Kong, Guangdong, Hainan and the disputed islands, and it now has thirteen ships. According to the State Oceanographic Administration, the MSF started regular (*dingqi*) law enforcement cruises to "protect rights" in 2006.⁴⁶ In April 2010, for example, MSF vessels conducted a cruise in the southern portion of the South China Sea, dropping a sovereignty marker on James Shoal.⁴⁷

The scope and frequency of MSF patrols in the South China Sea are not available in open sources. In the first half of 2011, however, MSF ships were involved in two separate incidents in which they challenged and disrupted seismic survey activities by Vietnam and the Philippines. A third incident involved Chinese fishing boats and SSRFAB vessels. The first incident occurred in March, when two MSF vessels "expelled" (*ganqu*) the *Veritas Voyager*, a vessel which was conducting a seismic survey for Forum Energy in a Philippine exploration block near Reed Bank in the northwestern portion of the Spratly Islands. According to Philippine reports, the MSF vessels aggressively manoeuvred around the ship and forced it to leave the area.⁴⁸ The second incident occurred in late May, when an MSF ship cut across the stern of the seismic survey vessel *Binh Minh 2* owned by PetroVietnam and severed its towed cable. According to Vietnamese sources, three MSF vessels had been shadowing the *Binh Minh 2*, which was operating 120 nautical miles off the coast of central Vietnam.⁴⁹ A third related incident occurred in early June, but accounts differ. According to Vietnam, a Chinese fishing boat with a "specialized cable-slashing device" became ensnared in the towed cables of the *Viking II*, a Norwegian ship that was

surveying an exploration block off the coast of southern Vietnam in the southwestern portion of the South China Sea.⁵⁰ According to China, the fishing boat's net became tangled with the cables of the *Viking II*, suggesting that poor seamanship might be to blame.⁵¹ All three incidents occurred after survey activity by other claimants increased. The Philippines initiated a new survey of Reed Bank in February 2011 just before the 2 March incident. The incidents involving Vietnam occurred following new surveys that had begun in March.

The strategic implications of these confrontations should be noted. First, the severing of cables represented an escalation of China's efforts to exercise and enforce its maritime rights. No similar incidents had been reported in previous years, though after the May incident a Vietnamese official stated that similar acts had occurred in 2010 (but were not reported in the press at the time).⁵² Second, the official response to the May incident from China's Ministry of Foreign Affairs (MFA) suggests that the cable-cutting was intended to deter Vietnam from asserting its claims and bolster China's own claim to jurisdiction over these waters. The day after the incident, the MFA spokesperson stated that "The *law enforcement activities* by Chinese maritime surveillance ships against Vietnam's illegally operating ships are completely justified" [emphasis added].⁵³ By contrast, the MFA's response to the June incident indicated that it might have been unintended. Third, the location of the incidents suggests that they were designed to signal China's maximal claims to maritime rights. All were located near the limits of a hypothetical 200-nautical miles EEZ that China could claim in the South China Sea from the five largest features of the Spratly Islands.

The Military Component

The military instrument of statecraft has played a secondary and indirect role in China's delaying strategy in the South China Sea. China has used displays of its modernizing naval capabilities in patrols and training exercises to bolster China's ability to defend its claims and to deter others from challenging China. Nevertheless, China has not used force to seize contested features or expel other countries from the features that they occupy.

Modernization of the South Sea Fleet

The first way in which China's military forces have been used to consolidate China's claim is the strengthening of the PLAN's South

Sea Fleet (SSF), which includes the South China Sea in its area of operations. Although the equipment in the SSF was inferior to both the North Sea Fleet and the East Sea Fleet for many decades, the SSF now boasts some of the PLAN's most capable surface combatants, including five of the seven modern destroyers that China has developed indigenously in the last ten years.⁵⁴ The SSF is also home to the *Kunlunshan*, China's first modern amphibious landing platform dock (LPD) displacing 20,000 tons and capable of transporting one battalion of marines.⁵⁵ All six ships have participated in at least one escort mission in the Gulf of Aden since 2008 (in addition to modern *Jiangkai* II class frigates from the SSF). Reflecting its relative capabilities within the PLAN, the SSF has organized half of the more than ten flotillas to the Gulf of Aden.

In addition to receiving some of the PLAN's most modern vessels, the SSF's infrastructure has also been upgraded. Most noteworthy has been the expansion of the Yulin naval base at Sanya on Hainan Island. Although the base was expanded to accommodate the new *Jin* class SSBNs developed at the end of the last decade, it also includes new docks for surface combatants, most of which are based at the SSF's headquarters at Zhanjiang in Guangzhou. For many observers in the region, enlargement of the base symbolized the expansion of China's naval forces and its focus on projecting naval power throughout the South China Sea.⁵⁶ The main reason for the expansion of the Yulin naval base, however, was to strengthen China's nuclear deterrent (by serving as a base for SSBNs) and to house its expanding submarine fleet (which would play a crucial role in a Taiwan conflict). Nevertheless, given its location on Hainan Island, China's southernmost province, it also reflected the new capabilities that China could bring to bear in the South China Sea disputes and cast a long shadow over the region.

Patrols and Training Exercises in the South China Sea

Training exercises have been the main way in which the PLAN has displayed its growing capabilities to deter other claimants. Data on China's naval exercises is difficult to gather because it is not reported systematically in the Chinese media. Nevertheless, in the past few years, the pace, scope and tempo of exercises in the area appears to have increased.

These exercises serve to demonstrate China's growing naval power and, by being conducted in the South China Sea, support its sovereignty and maritime rights claims. In April 2006, for example,

the SSF organized a task force composed of four destroyers and frigates, along with one supply ship, to conduct “long-distance” (*yuanhang*) training in the South China Sea. In terms of the number of sailors, duration, and distance, the *Renmin Haijun*, the PLAN’s official paper, observed that it achieved “many breakthroughs”.⁵⁷ A turning point occurred in November 2008, when a task force composed of five modern, indigenously developed warships circumnavigated the South China Sea and conducted a series of exercises. In a voyage that spanned more than 5,000 nautical miles, the task force visited a number of disputed features, including the Paracels; Fiery Cross, Subi, Cuarteron and Gavin reefs; and the southernmost feature in the South China Sea, James Shoal. Commander of the South Sea Fleet Admiral Shu Shilang supervised the voyage and the task force conducted a number of different exercises, including opposition-force, live-fire ammunition, counter-terrorism, search and rescue, and coral reef assault operations, among others. According to the *Renmin Haijun*, the task force set new records for the actual use of weapons in the “unfamiliar waters” of the South China Sea, the projection of China’s marines in the “far seas” and opposition-force training with garrisons on the Spratly Islands.⁵⁸

The number of noteworthy exercises in the South China Sea continued in 2010. In March 2010, the North Sea Fleet conducted a long-distance exercise with a task force of six ships, including one destroyer, three frigates, a tanker and a salvage vessel. The task force travelled from Qingdao through the Miyako Strait and then turned south, passing through the Bashi Channel between Taiwan and the Philippines before stopping at Fiery Cross Reef in the South China Sea.⁵⁹ According to the deputy commander of the North Sea Fleet, one purpose of the exercise was “to protect its maritime territorial integrity through long-distance naval projection”.⁶⁰ In July 2010, the South Sea Fleet organized a large-scale live-ammunition exercise held at an undisclosed (though likely undisputed) location in the South China Sea that involved China’s most advanced vessels from all three fleets. Although the exercise was held to promote the “transformation in military training” and the operational concept of “a system of systems operations”, Chief of the General Staff General Chen Bingde also noted the broader context in which it occurred at the time: “we should pay a high degree of attention to developments and changes in situations and tasks [to] carry out preparations for military struggle”.⁶¹ In November 2010, the SSF organized an amphibious landing exercise named *Jiaolong-2010*

involving 1,800 marines, which was observed by more than 200 foreign military officers.⁶²

Finally, the PLAN also supports the consolidation strategy by maintaining a small number of vessels which are permanently “on station” at China’s largest facilities in the Spratlys, including Fiery Cross and Mischief reefs. These appear to be older and smaller ships, mostly LSTs. In addition, the PLAN has conducted regular patrols in the disputed waters since around 2005. The frequency of these patrols and the types of vessels deployed are unknown. Likewise, since the start of the PLAN’s escort missions in the Gulf of Aden, each task force has transited through the South China Sea and often stops near some of the Chinese-held reefs to underscore Chinese sovereignty over these features.⁶³

Managing the Escalation of Tensions

Between 2009 and 2011, China’s efforts to consolidate its claims, especially to maritime rights, increased tensions in the region. The dispute dominated the July 2010 meeting of the ASEAN Regional Forum (ARF), in which the United States and eleven other countries expressed concern about China’s claims and policies. After the May 2011 cable-cutting incident involving three MSF ships, some analysts declared that China had become both assertive and aggressive.⁶⁴ In response to the regional blowback, China began to moderate its efforts and prevent any further escalation of tensions. Whether this new moderation will endure, however, remains to be seen.

An agreement in July 2011 between ASEAN and China on guidelines for implementing the 2002 DoC suggests that China has moved to adopt a more moderate approach to managing its claims. Although the implementing guidelines lack substance, they reflected an effort to use a diplomatic agreement to halt the continuation of tensions in the South China Sea and prevent any further escalation of the competition over maritime rights.⁶⁵ In particular, when combined with other recent developments described below, they suggest that China may have started to moderate the manner in which it seeks to assert and exercise the maritime rights that it claims. By agreeing to the guidelines, and moderating other aspects of its behaviour, China has sought to reduce the role of the United States in the dispute and to improve its tarnished image in the region. Nevertheless, none of the claimants, including China, have indicated any desire to alter their sovereignty and maritime rights claims.

The limitations of the content of the guidelines should be emphasized. First, they were designed to implement the 2002 DoC, which itself was intended only as a first step towards a binding Code of Conduct (CoC) for activity in the South China Sea. Second, the 2002 DoC (and any resulting CoC) does not address the conflicting claims to territorial sovereignty or maritime rights and was intended only to manage tensions. Third, even in the context of implementing the DoC, the guidelines are unimpressive. They are limited to confidence-building measures, including workshops on environmental protection, navigational safety, and search and rescue operations and transnational crime.⁶⁶

Nevertheless, the significance of the China-ASEAN agreement is symbolic, not substantive. The agreement indicated a desire by the principal antagonists, China and Vietnam, to prevent any further escalation of tensions. Although China and ASEAN had been discussing the guidelines for several years, the two sides disagreed over whether they would state explicitly that ASEAN would meet as a group (standard ASEAN practice) before holding talks with China. Within ASEAN, Vietnam was most adamant about the inclusion of this provision in the guidelines. In late June, a breakthrough occurred when Vietnam's Deputy Foreign Minister Ho Xuan Son travelled to Beijing as a special envoy. According to a statement that was released following his visit, China and Vietnam agreed to accelerate bilateral negotiations over maritime issues and to "boost the implementation of the [DoC] ... so that substantial progress will be achieved soon".⁶⁷ China and Vietnam likely agreed to halt their standoff over the implementing guidelines during Ho's trip. A few weeks later, Vietnam reportedly dropped its insistence that such language be included in the guidelines, while China agreed that ASEAN would continue its practice of meeting as a group before meeting with China (as happened at the July 2011 ASEAN meeting).⁶⁸ Although this agreement was not included in the implementing guidelines, it was included in the official summary record of the meeting. The diplomatic breakthrough over the guidelines allowed all sides to demonstrate their commitment to limiting the escalation of tensions.

In addition to the agreement on the guidelines, China has demonstrated a willingness to moderate other aspects of its delaying strategy in the South China Sea. As discussed above, one trend, especially in 2009, has been the detention of Vietnamese fishing vessels, especially those operating near the Paracel Islands. In 2010, the number of detentions declined substantially from 33 in

2009 to around seven. As of this writing in 2011, China has not detained and held any Vietnamese ships and crews, though the SSFRAB continues to confiscate the catches and equipment of ships operating in Chinese waters. Vietnamese sources confirm this change in China's rules of engagement for fisheries administration vessels.⁶⁹ The SSFRAB detentions were consistent with its domestic operations, as it routinely boards, inspects, fines and detains Chinese fishing vessels in addition to foreign ones. Thus, the change in its approach to Vietnamese ships in 2011 can only be explained as a response to pressure from above to harmonize its actions with the requirements of Chinese diplomacy.

More recently, top leaders have reaffirmed that China's approach to the disputes in the South China Sea should remain based on Deng Xiaoping's guideline of "sovereignty is ours, set aside disputes, pursue joint development". Shortly after the July 2011 meeting of the ARF, the print edition of the *Renmin Ribao* included a full-page "authoritative forum" (*quanwei luntan*) devoted to the importance of pursuing joint development.⁷⁰ Such a collection of essays in the official newspaper of the Chinese Communist Party on the South China Sea is perhaps unprecedented and was likely designed to "unify thought" within the party on the issue. Likewise, President Hu Jintao gave his own support for this approach during Philippine President Benigno Aquino's visit to China in August 2011. Hu stated that "Before the disputes are resolved, the countries concerned may put aside the disputes and actively explore forms of common development in the relevant sea areas."⁷¹ Hu did not apparently stress the first element of Deng's guideline emphasizing China's sovereignty claims. During Vietnamese Communist Party General Secretary Nguyen Phu Trong's trip to China in October 2011, China and Vietnam signed an agreement on basic principles for guiding the resolution of maritime issues, including the disputes over the Paracels and Spratlys.⁷² The agreement was apparently concluded when Dai Bingguo visited Vietnam in September 2011.⁷³

What remains to be seen is whether the change in China's behaviour will extend beyond fishing to offshore petroleum and other sectors. The May 2011 cable-cutting incident was likely intended to send a signal of China's opposition to what it views as Vietnam's unilateral development of offshore petroleum. How China will respond to similar seismic survey work that both Vietnam and the Philippines plan to undertake in the future and whether it will continue to interfere with these operations will be a key area to monitor. In this regard, the cable-cutting episode may be similar to

the 2009 *Impeccable* incident, when Chinese naval, government, and fishing ships manoeuvred dangerously around a US military survey ship and attempted to snag its towed cable. Following this clear signal of opposition to the US activity in China's EEZ, no further incidents occurred.

Conclusion and Implications

China's commitment to its claims in the South China Sea is long-standing and unlikely to change. A delaying strategy that seeks to consolidate China's claims and deter other states from strengthening their own claims only raises further obstacles to future compromise. Although compromise over contested sovereignty or maritime rights is possible, it is unlikely and will only occur under a narrow set of circumstances. China's emphasis on consolidation and deterrence seeks to maintain the status quo in terms of the control of contested features while strengthening China's ability to exercise jurisdiction over the waters it claims. Nevertheless, although China's strategy seeks to consolidate its own claims, often responding to the moves by other claimants, it threatens weaker states in the dispute and is destabilizing if unchecked or not moderated.

Under what conditions will China switch from a strategy of delaying settlement to one of cooperation in which it seeks to resolve these disputes through negotiations and compromise? Elsewhere, I have argued that a state is most likely to compromise and offer concessions to counter internal or external threats to its security.⁷⁴ Compromise is possible because pressing a claim to another state's land carries some price or opportunity cost, usually unrealized military, economic or diplomatic assistance. When these costs outweigh the value of the land at stake, compromise becomes more attractive than delay, and a state will trade concessions for aid from a territorial opponent to counter the more pressing threat that it faces.

In the South China Sea, China should be most likely to compromise when improved ties with claimant states become more important than the islands or maritime rights being contested. Although such a shift is unlikely, it might occur if China seeks to prevent the formation of a counterbalancing coalition, especially one led by the United States. In this scenario, China would offer some concessions in the dispute to improve ties with these states. Such cooperation in an offshore island dispute is not unprecedented. In 1957, Mao ordered the transfer of the disputed White Dragon Tail (Bailongwei) Island in the Tonkin Gulf to North Vietnam. At the

time, Mao hoped to strengthen his ally, Ho Chi Minh, in the broader context of China's rivalry with the United States.⁷⁵

Nevertheless, compromise or concessions over maritime rights and especially territorial sovereignty are unlikely, as the perceived value of controlling the islands and waters is only likely to grow. Instead, China may seek to moderate the manner in which it seeks to pursue its claims. Such actions would include agreeing to multilateral escalation control mechanisms and unilateral actions such as a reduced presence or altered rules of engagement for Chinese government ships in disputed waters. Such a dynamic explains China's willingness to restart talks over implementing the 2002 DoC in April 2010, the agreement on implementing guidelines that was reached in July 2011, and the diplomatic engagement of Vietnam and the Philippines since August 2011.

Under what conditions will China adopt a strategy of escalation where it threatens or uses force? A state is more likely to use force when its bargaining power or position in a dispute declines. A state's bargaining power consists of the amount of contested land that it occupies and its ability to project military power over the entire area under dispute. These two factors shape a state's ability to control contested land and achieve a favourable negotiated settlement. When a state concludes that an adversary is strengthening its relative position in a dispute, inaction becomes more costly than threatening or even using force to halt or reverse its decline.

This logic suggests several possibilities. As China continues to accumulate military capabilities, it will feel more confident about managing its claims, less threatened by other states in these disputes, and less likely to use force. At least in China's past territorial disputes, China has been much less willing to use force against its weaker neighbours. What could change China's calculations, however, might be improved security ties between other claimants and the United States. If coupled with what China might view as increasing assertiveness by these states in the dispute, China might then view its position as weakening and be more likely to use force. Nevertheless, the other states are so weak when compared to China now and in the future that even closer ties with the United States may not shift China's assessment of the strength of its own claim.

Two additional factors influencing the shift to a strategy of escalation merit consideration. First, an increase in the perceived value of the disputed land or maritime rights would alter the calculus for the use of force. This could happen, for example, if one or more

of the countries discovered substantial and recoverable deposits of petroleum near the contested islands. Under such circumstances, the net benefits of using force, *ceteris paribus*, would increase. Second, a much stronger China may decide to use force because, put simply, it can. Nevertheless, China would have to weigh all the potential costs, especially how other regional actors will respond.

NOTES

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